

**MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE**

The Audit Subcommittee of the Legislative Management Committee met in Room 250, State Capitol Building, Salt Lake City, Ut, May 18, 2010 from 4:00 p.m. until 5:30 p.m.

Committee Members Present:	President Michael Waddoups, Co-Chairman Speaker David Clark, Co-Chairman Senator Patricia W Jones Representative David Litvack
Legislative Audit Staff:	John Schaff, Auditor General Rick Coleman, Deputy Auditor General Tim Osterstock, Audit Manager Darin Underwood, Audit Manager Lynda Maynard, Recording Secretary Susan Verhoef, Legis Lead Auditor Deanna Herring, Audit Supervisor David Apple, Performance Auditor Wayne Kidd, Audit Supervisor Jesse Martinson, Performance Auditor David Gibson, Leg IT Auditor/Systems Analyst Chris Otto, Consultant
Other Interested Parties:	Nannette Rolfe, Div Director, DLD Chris Caras, Deputy Director, DLD Jill Laws, Driver License Division Tara Zamora, CDL Manager, DLD Dave Tafoya, DLD John Fairbanks, Records Manager, DLD Bruce Jones, General Counsel, Utah Transit Authority (UTA) Michelle Larsen, UTA Jennifer Kohler, UTA Celeste Burningham, UTA Gerry Carpenter, UTS Tenille Young, GOPB Cliff Strachan, GOPB David Patton, UDOH Rep Janice Fisher, House of Rep

Rep Neil Hansen, House of Rep
Zachary Frankel, URC
Claire Geddes
Christy Cushing, UPEA
Chris Vanocur, *ABC 4*
Nineveh Dinha, *FOX 13*
Brock Versakis, *AP*
Laura Hancock, *Deseret News*
John Davey, *KSL TV*
And others as listed

1. Call to Order

President Waddoups called the meeting to order at 4:00 p.m.

2. Approval of Minutes

Motion: Speaker Clark made a motion that the minutes from January 19, 2010 Audit Subcommittee meeting be approved. The motion passed unanimously.

3a. A Performance Audit of the Driver License Division

(Report #2010-06)

Presented by Deanna Herring, Audit Supervisor

Discussion following Presentation

Nannette Rolfe, Director, Drive License Division, introduced Tara Zamora, Manager, CDL Program and John Fairbanks, Manager, DUI Program.

Tara Zamora explained the application process for third-party testers—

1. Make an application
2. Have application reviewed
3. Go to training (one week, 40 hours)
4. Pass Test with 80% or better
5. Time observing process
6. Reviewed once a year

Ms Zamora also indicated that they are adding a background check for third-party testers.

Ms. Rolfe told the Audit Subcommittee that their first priority would be to modify their

calendaring system, having received funding to do this. Second, the Driver License Division will work closely with law enforcement, using more telephonic hearings where officers will be able to call from their home base to expedite hearings and third, the Driver License Division is looking at charging a fee to become testers—if individuals are serious about becoming testers they should be willing to pay a fee.

Ms Rolfe closed by explaining how they are working to get the wait times down for the Real ID to under 20 minutes.

Motion: Speaker Clark made a motion that the **Performance Audit of the Driver License Division** (Report No. 2010-0) be accepted and referred to the Transportation Interim Committee. The motion passed unanimously.

3b. A Survey of Jordan School District's FY2009 Purchases

(Report #ILR2010-A)

Note: Report available, not presented

John Schaff gave a brief overview of the allegations that precipitated the request for the Jordan School District's FY2009 Purchases audit request and feels his staff's findings that there were adequate controls indicates no need for further work.

4. New Audit Request

Rep Janice Fisher referenced her November request for an audit of UTA's conflicts of interest. Rep Fisher told the Audit Subcommittee that she is requesting the Auditor General conduct an audit to determine whether both the spirit and the letter of the law has been followed.

Bruce Jones, General Counsel, Utah Transit Authority (UTA), said that the obligation of board members has been as high as any standard and since the last legislative session, the Boards's standards have been raised even higher and UTA would welcome the opportunity to review and respond to any allegations.

Senator Pat Jones declared a conflict of interest as she conducts research for UTA on occasion.

Motion: Speaker Clark made a motion that the information Representative Fisher has concerning UTA conflicts of interest be turned over to the Legislative Auditor General to make a summary analysis; at which time the Audit General will come before the Audit Subcommittee with his recommendation. The motion passed.

Mr. Schaff gave a brief overview of the following potential impact "high risk" audits:

- PEHP Efficiency of Vendor Contracts/Pharmaceutical Contracting with PBMs
- Efficiency and Effectiveness of Utah Parks
- Operating Efficiency of the Court System
- DCFS Efficiency & Productivity of Division Staff

Motion: Representative Litvack made a motion that the following audits be approved and prioritized at the Auditor General's discretion:

- County & Municipal Use of TDR's
- Efficiency of Vendor Contacts with PEHP/PEHP Pharmaceutical Contract with PBM.
- Efficiency and Effectiveness of Utah Parks
- Operating Efficiency of the Utah Court System
- DCFS Efficiency & Productivity of Division Staff. The motion passed unanimously.

6. Other Business

Mr Schaff referred to a response from UTA concerning the request from the Audit Subcommittee that UTA respond to the progress on recommendations made in Chapter 7 of A Performance Audit of the Utah Transit Authority (UTA), Report #. 2008-03. Mr. Schaff indicated there were no further concerns. However, his staff only followed up on questions regarding board independence and left open the UTA Board conflicts of interest audit request.

A third letter, **Impact of the State's Four Community Correctional Center Audit**, included in the Audit Subcommittee's packet indicates that because of legislation passed giving additional funding to the agencies in the recent general session, no further work needs to be done on this audit request.

Mr Schaff referred to the request from Representative Hansen requesting an audit of UDOT Right of Way. He told the Audit Subcommittee that currently his staff is in the process of examining the controls that existed at the time of the breach and well as looking at those individuals involved and the action taken against them. Also, is it possible that there are other areas in the Department that might have risk as well?

Representative Neil Hansen listed his concerns prompting his request for an audit of UDOT Right of Way:

- Who knew what was happening and when did they know it?
- Where was the accountability at the time the allegations were happening?
- Where were the checks and balances?
- Do we need to restore public trust?
- Was there something that Legislators have not looked into, and
- Was there loopholes in rules and regulations that allowed these breaches to happen?

6. Adjournment

President Waddoups adjourned the meeting at 5:15 p.m.